

AMENDED IN SENATE MAY 31, 2001

AMENDED IN SENATE MAY 23, 2001

AMENDED IN SENATE MAY 3, 2001

AMENDED IN SENATE APRIL 25, 2001

SENATE BILL

No. 133

Introduced by Senator Figueroa

(Coauthors: Senators Johannssen and Polanco)

(Coauthors: Assembly Members Aanestad, Correa, and Thomson)

January 29, 2001

An act to amend Sections 5000, 5015.6, 5020, 5081, 5082, 5082.1, 5082.3, 5082.4, 5087, 5088, and 5134 of, to amend and repeal Sections 5081.1, 5082.2, 5083, and 5084 of, and to add Sections 5076, 5082.5, 5090, 5091, 5092, 5093, 5094, and 5095 to, the Business and Professions Code, relating to accountants.

LEGISLATIVE COUNSEL'S DIGEST

SB 133, as amended, Figueroa. Accountants.

(1) Existing law provides for the licensing and regulation of accountants by the State Board of Accountancy in the Department of Consumer Affairs. The provisions creating the board and authorizing the board to appoint an executive officer will become inoperative on July 1, 2002, and will be repealed on January 1, 2003.

This bill would extend these dates, making the provisions inoperative on July 1, 2006, and repealing them on January 1, 2007. The bill would increase the total membership of the board and would also alter the composition of the board.

(2) Existing law authorizes the board to conduct investigations or hearings relating to any matter involving the conduct of licensees.

This bill would provide that the executive officer would determine when to engage in these activities.

(3) Existing law requires that an applicant for the certified public accountants' examination meet specified educational requirements and that an applicant for licensure as a certified public accountant meet certain educational and experience requirements.

This bill would revise these provisions relating to educational and experience requirements.

(4) Under existing law, a certified public accountant license candidate is required to pass a written examination. Existing law provides that a candidate who passes 2 or more subjects but fails the examination has the right to be reexamined in only the remaining subjects.

This bill would revise the provisions relating to the examination process and examination requirements.

(5) Existing law requires that an applicant for a certified public accountant license be over 18 years of age, and prohibits the board from giving a license to an applicant with a certified public accountant license from another state who is not over 18 years of age.

This bill would delete this age requirement.

(6) Existing law requires an applicant for licensure as a certified public accountant to demonstrate experience in the attest function.

This bill would require a ~~partnership or corporation~~ *firm, other than a sole proprietor or a small firm*, to meet specified peer review requirements in order to provide attest services and would require an individual applicant to meet specified criteria to sign reports on attest engagements. The bill would require the board to adopt regulations implementing, interpreting, and making specific these new application, examination, education, and licensure requirements.

(7) Existing law provides that a person holding a valid and unrevoked license from any state may practice public accountancy after submitting an application for licensure and showing proof of qualifying continuing education.

This bill would also authorize a qualified applicant to also perform attest services.

(8) Existing law requires that the board maintain a reserve balance in its contingent fund equal to approximately 3 months of annual authorized expenditures.



This bill would require that the board maintain a reserve balance equal to approximately 6 months of annual authorized expenditures.

This bill would make other related changes.

(9) The bill shall only become operative if AB 585 is enacted and becomes effective on or before January 1, 2002.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5000 of the Business and Professions
2 Code is amended to read:

3 5000. There is in the Department of Consumer Affairs the
4 California Board of Accountancy, which consists of 11 members,
5 six of whom shall be certified public accountants, and five of
6 whom shall be public members who shall not be licentiates of the
7 board or registered by the board. The board has the powers and
8 duties conferred by this chapter.

9 The Governor shall appoint three of the public members, and the
10 six certified public accountant members as provided in this
11 section. The Senate Rules Committee and the Speaker of the
12 Assembly shall each appoint a public member. In appointing the
13 six certified public accountant members, the Governor shall
14 appoint members representing a cross section of the accounting
15 profession with at least two members representing a small public
16 accounting firm. For the purposes of this chapter, a small public
17 accounting firm shall be defined as a professional firm that
18 employs a total of no more than four certified public accountants
19 as partners, owners, or full-time employees in the practice of
20 public accountancy within the State of California.

21 This section shall become inoperative on July 1, 2006, and as of
22 January 1, 2007, is repealed, unless a later enacted statute, that
23 becomes effective on or before January 1, 2007, deletes or extends
24 the dates on which this section becomes inoperative and is
25 repealed. The repeal of this section renders the board subject to the
26 review required by Division 1.2 (commencing with Section 473).
27 However, the review of the board shall be limited to only those
28 issues identified by the Joint Legislative Sunset Review
29 Committee and the board pursuant to implementation of new
30 licensing requirements.

1 SEC. 2. Section 5015.6 of the Business and Professions Code
2 is amended to read:

3 5015.6. The board may appoint a person exempt from civil
4 service who shall be designated as an executive officer and who
5 shall exercise the powers and perform the duties delegated by the
6 board and vested in him or her by this chapter.

7 This section shall become inoperative on July 1, 2005, and, as
8 of January 1, 2006, is repealed, unless a later enacted statute,
9 which becomes effective on or before January 1, 2006, deletes or
10 extends the dates on which it becomes inoperative and is repealed.

11 SEC. 3. Section 5020 of the Business and Professions Code
12 is amended to read:

13 5020. The board may, for the purpose of obtaining technical
14 expertise, appoint an administrative committee of not more than
15 13 licensees, at least one of whom shall be a public accountant, to
16 perform any of the following duties, and the committee may be
17 vested with the powers of the board for those purposes:

18 (a) To receive and investigate complaints and to conduct
19 investigations or hearings, with or without the filing of any
20 complaint, and to obtain information and evidence relating to any
21 matter involving the conduct of licensees, ~~directed by the~~
22 ~~executive officer~~ *as directed by the board or as directed by the*
23 *executive officer pursuant to a delegation of authority by the*
24 *board.*

25 (b) To receive and investigate complaints and to conduct
26 investigations or hearings, with or without the filing of any
27 complaint, and to obtain information and evidence relating to any
28 matter involving any violation or alleged violation of this chapter
29 by licensees, ~~directed by the executive officer~~ *as directed by the*
30 *board or as directed by the executive officer pursuant to a*
31 *delegation of authority by the board.*

32 (c) In exercising the duties prescribed in this section, the
33 committee shall act only in an advisory capacity, shall have no
34 authority to initiate any disciplinary action against a licensee, and
35 shall only be authorized to report its findings from any
36 investigation or hearing conducted pursuant to this section to the
37 board, or upon direction of the board, to the executive officer.

38 SEC. 4. Section 5076 is added to the Business and Professions
39 Code, to read:

1 5076. (a) In order to renew its registration, a ~~partnership or~~
2 ~~corporation~~ firm providing attest services, other than a *sole*
3 *proprietor or a* small firm as defined in Section 5000, shall
4 complete a peer review prior to the first registration expiration date
5 after January 1, 2006, and no less frequently than every three years
6 thereafter.

7 (b) For purposes of this article, the following definitions apply:

8 (1) “Peer review” means a study, appraisal, or review
9 conducted in accordance with professional standards of the
10 professional work of a licensee or registered firm by another
11 licensee unaffiliated with the licensee or registered firm being
12 reviewed. The peer review shall include, but not be limited to, a
13 review of at least one attest engagement representing the highest
14 level of service performed by the firm and may include an
15 evaluation of other factors in accordance with requirements
16 specified by the board in regulations.

17 (2) “Attest services” include an audit, a review of financial
18 statements, an examination of prospective financial information,
19 ~~and other services of the board may specify by regulation,~~
20 provided, however, “attest services” shall not include the issuance
21 of compiled financial statements.

22 (c) The board shall adopt regulations as necessary to
23 implement, interpret, and make specific the peer review
24 requirements in this section, including, but not limited to,
25 regulations specifying the requirements for the approval of peer
26 review providers, and regulations establishing a peer review
27 oversight committee.

28 SEC. 5. Section 5081 of the Business and Professions Code
29 is amended to read:

30 5081. An applicant for admission to the examination for a
31 certified public accountant license shall:

32 (a) Not have committed acts or crimes constituting grounds for
33 denial of a license under Section 480.

34 (b) File the application for the examination. An application for
35 the examination shall not be considered filed unless all required
36 supporting documents, fees, and the fully completed
37 board-approved application form are received in the board office
38 or filed by mail in accordance with Section 11003 of the
39 Government Code on or before the specified final filing date.

1 (c) Meet one of the educational requirements specified in this
2 article.

3 SEC. 6. Section 5081.1 of the Business and Professions Code
4 is amended to read:

5 5081.1. Pursuant to subdivision (b) of Section 5090, an
6 applicant for admission to the examination for a certified public
7 accountant certificate may qualify for admission with one of the
8 following:

9 (a) The applicant shall present satisfactory evidence that the
10 applicant has either of the following:

11 (1) A baccalaureate degree from a university, college or other
12 four-year institution of learning accredited by a regional
13 institutional accrediting agency included in a list of these agencies
14 published by the United States Secretary of Education under the
15 requirements of, the Higher Education Act of 1965 as amended,
16 (20 U.S.C. Sec. 1001 following) with a major in accounting or
17 related subjects requiring a minimum of 45 semester units of
18 instruction in these subjects. If the applicant has received a
19 baccalaureate degree in a nonaccounting major, the applicant shall
20 present satisfactory evidence of study substantially the equivalent
21 of an accounting major, including courses in related business
22 administration subjects.

23 (2) A degree or degrees from a college, university, or other
24 institution of learning located outside the United States that is
25 approved by the board as the equivalent of the baccalaureate
26 degree described in paragraph (1). The board may require an
27 applicant under this paragraph to submit documentation of his or
28 her education to a credentials evaluation service approved by the
29 board for evaluation and to cause the results of this evaluation to
30 be reported to the board. The board shall adopt regulations
31 specifying the criteria and procedures for approval of credential
32 evaluation services. These regulations shall, at a minimum,
33 require that the credential evaluation service (A) furnish
34 evaluations directly to the board; (B) furnish evaluations written
35 in English; (C) be a member of the American Association of
36 Collegiate Registrars and Admission Officers, the National
37 Association of Foreign Student Affairs, or the National
38 Association of Credential Evaluation Services; (D) be used by
39 accredited colleges and universities; (E) be reevaluated by the
40 board every five years; (F) maintain a complete set of reference



1 materials as specified by the board; (G) base evaluations only upon
 2 authentic, original transcripts and degrees and have a written
 3 procedure for identifying fraudulent transcripts; (H) include in the
 4 evaluation report, for each degree held by the applicant, the
 5 equivalent degree offered in the United States, the date the degree
 6 was granted, the institution granting the degree, an English
 7 translation of the course titles, and the semester unit equivalence
 8 for each of the courses; (I) have an appeal procedure for applicants;
 9 and (J) furnish the board with information concerning the
 10 credential evaluation service that includes biographical
 11 information on evaluators and translators, three letters of
 12 references from public or private agencies, statistical information
 13 on the number of applications processed annually for the past five
 14 years, and any additional information the board may require in
 15 order to ascertain that the credential evaluation service meets the
 16 standards set forth in this paragraph and in any regulations adopted
 17 by the board.

18 (b) The applicant shall present satisfactory evidence that the
 19 applicant has successfully completed a two-year course of college
 20 level study or received an associate in arts degree from a
 21 community college, either institution accredited by a regional
 22 institutional accrediting agency that is included in a list published
 23 by the United States Secretary of Education under the provisions
 24 of federal law specified in paragraph (1) of subdivision (a), and
 25 that the applicant has completed a minimum of 120 semester units
 26 which includes the study of accounting and related business
 27 administration subjects.

28 (c) The applicant shall show to the satisfaction of the board that
 29 he or she has had the equivalent of the educational qualifications
 30 required by subdivision (b), or shall pass a preliminary written
 31 examination approved and administered by an agency approved
 32 by the California State Department of Education and shall have
 33 completed a minimum of 10 semester units or the equivalent in
 34 accounting subjects. The 10 semester units in accounting subjects
 35 shall be completed at a college, university, or other institution of
 36 higher learning accredited at the college level by an agency or
 37 association that is included in a list published by the United States
 38 Secretary of Education under the federal law specified in
 39 paragraph (1) of subdivision (a).

1 (d) The applicant shall be a public accountant registered under
2 this chapter.

3 (e) This section shall remain in effect only until January 1,
4 2006, and as of that date is repealed, unless a later enacted statute,
5 that is enacted before January 1, 2006, deletes or extends that date.

6 SEC. 7. Section 5082 of the Business and Professions Code
7 is amended to read:

8 5082. An applicant for a certified public accountant license
9 shall have successfully passed examinations in subjects the board
10 deems appropriate.

11 SEC. 8. Section 5082.1 of the Business and Professions Code
12 is amended to read:

13 5082.1. All examinations provided for herein shall be held by
14 the board at places circumstances may warrant, and as often as may
15 be necessary in the opinion of the board. The board may contract
16 with any organization, governmental or private, for examination
17 material or services. Within 90 days after the examination the
18 board shall notify each candidate of his or her score. All
19 examination records shall be preserved for a period of at least six
20 months after the notification of scoring and any candidate shall
21 upon request to the board have access to his or her records.

22 SEC. 9. Section 5082.2 of the Business and Professions Code
23 is amended to read:

24 5082.2. For candidates seeking to be reexamined pursuant to
25 subdivision (b) of Section 5090, a candidate who fails an
26 examination provided for herein shall have the right to any number
27 of reexaminations at subsequent examinations held by the board.
28 A candidate who passes an examination in two or more subjects
29 shall have the right to be reexamined in the remaining subject or
30 subjects only, at subsequent examinations held by the board, and
31 if he or she passes in the remaining subject or subjects within a
32 period of time specified in the rules of the board, he or she shall
33 be considered to have passed the examination.

34 This section shall remain in effect only until January 1, 2006,
35 and as of that date is repealed, unless a later enacted statute, that
36 is enacted before January 1, 2006, deletes or extends that date.

37 SEC. 10. Section 5082.3 of the Business and Professions
38 Code is amended to read:

39 5082.3. An applicant for a license as a certified public
40 accountant may be deemed by the board to have met the



1 examination requirements of Section 5082, 5092, or 5093 if the
2 applicant satisfies all of the following requirements:

3 (a) The applicant is licensed or has comparable authority under
4 the laws of any country to engage in the practice of public
5 accountancy.

6 (b) The International Qualifications Appraisal Board jointly
7 established by the National Association of State Boards of
8 Accountancy and the American Institute of Certified Public
9 Accountants has determined that the standards under which the
10 applicant was licensed or under which the applicant secured
11 comparable authority meet its standards for admission to the
12 International Uniform Certified Public Accountant Qualification
13 Examination.

14 (c) The applicant has successfully passed the International
15 Uniform Certified Public Accountant Qualification Examination
16 referenced in subdivision (b).

17 SEC. 11. Section 5082.4 of the Business and Professions
18 Code is amended to read:

19 5082.4. A Canadian Chartered Accountant in good standing
20 may be deemed by the board to have met the examination
21 requirements of Section 5082, 5092, or 5093, if he or she has
22 successfully passed the Canadian Chartered Accountant Uniform
23 Certified Public Accountant Qualification Examination of the
24 American Institute of Certified Public Accountants or the
25 International Uniform Certified Public Accountant Qualification
26 Examination referenced in subdivision (b) Section 5082.3.

27 SEC. 12. Section 5082.5 is added to the Business and
28 Professions Code, to read:

29 5082.5. The board may give credit to a candidate who has
30 passed all or part of the examination in another state or territory,
31 if the members of the board determine that the standards under
32 which the examination was held are as high as the standards
33 established for the examination in this chapter.

34 SEC. 13. Section 5083 of the Business and Professions Code
35 is amended to read:

36 5083. (a) Pursuant to subdivision (b) of Section 5090, an
37 individual applying for licensure shall meet, to the satisfaction of
38 the board, one of the following requirements:

1 (1) Four years of experience if the applicant qualified to sit for
2 the exam by meeting the requirements of subdivision (b) or (c) of
3 Section 5081.1.

4 (2) Three years of experience if the applicant qualified to sit for
5 the exam by meeting the requirements of subdivision (a) or (d) of
6 Section 5081.1 or meets the requirements of Section 5082.3.

7 (b) In order to be qualifying under this section, experience shall
8 have been performed in accordance with applicable professional
9 standards. Experience in public accounting may be qualifying if
10 completed by, or in the employ of, a person licensed or otherwise
11 having comparable authority under the laws of any state or country
12 to engage in the practice of public accountancy. Experience in
13 private or governmental accounting or auditing employment may
14 be qualifying provided that this work was performed under the
15 direct supervision of an individual licensed by a state to engage in
16 the practice of public accountancy.

17 (c) Qualifying experience for licensure includes providing any
18 type of service or advice involving the use of accounting, attest,
19 compilation, management advisory, financial advisory, tax, or
20 consulting skills.

21 (d) The board shall prescribe rules related to the experience
22 requirements set forth in this section, including a requirement that
23 each applicant demonstrate to the board satisfactory experience in
24 the attest function as it relates to financial statements. For purposes
25 of this subdivision, the attest function includes audit and review of
26 financial statements.

27 (e) This section shall remain in effect only until January 1,
28 2006, and as of that date is repealed, unless a later enacted statute,
29 that is enacted before January 1, 2006, deletes or extends that date.

30 SEC. 14. Section 5084 of the Business and Professions Code
31 is amended to read:

32 5084. For applicants seeking licensure pursuant to
33 subdivision (b) of Section 5090, the board shall grant one year's
34 credit toward fulfillment of its public accounting experience
35 requirement to a graduate of a college who has completed a
36 four-year course with 45 or more semester units or the equivalent
37 thereof in the study of accounting and related business
38 administration subjects, of which at least 20 semester units or the
39 equivalent thereof shall be in the study of accounting.

1 The members of the board shall prescribe rules establishing the
2 character and variety of experience necessary to fulfill the
3 experience requirements set forth in this section.

4 This section shall remain in effect only until January 1, 2006,
5 and as of that date is repealed, unless a later enacted statute, that
6 is enacted before January 1, 2006, deletes or extends that date.

7 SEC. 15. Section 5087 of the Business and Professions Code
8 is amended to read:

9 5087. (a) The board may issue a certified public accountant
10 license to any applicant who is a holder of a valid and unrevoked
11 certified public accountant license issued under the laws of any
12 state, if the board determines that the standards under which the
13 applicant received the license are substantially equivalent to the
14 standards of education, examination, and experience established
15 under this chapter and the applicant has not committed acts or
16 crimes constituting grounds for denial under Section 480. To be
17 authorized to sign reports on attest engagements, the applicant
18 shall meet the requirements of Section 5095.

19 (b) The board may in particular cases waive any of the
20 requirements regarding the circumstances in which the various
21 parts of the examination were to be passed for an applicant from
22 another state.

23 SEC. 16. Section 5088 of the Business and Professions Code
24 is amended to read:

25 5088. (a) Any person who is the holder of a valid and
26 unrevoked license as a certified public accountant issued under the
27 laws of any state and who applies to the board for a license as a
28 certified public accountant under the provisions of Section 5087
29 may, after application for licensure and after providing evidence
30 of qualifying continuing education, perform the same public
31 accounting services in this state as a certified public accountant
32 licensed under Section 5092 or 5093 until the time his or her
33 application for a license is granted or rejected.

34 (b) An applicant meeting the requirements of subdivision (a)
35 who certifies that he or she has met the requirements of Section
36 5095 may perform attest services in this state until the time his or
37 her application for a license is granted or rejected.

38 SEC. 17. Section 5090 is added to the Business and
39 Professions Code, to read:

1 5090. (a) An applicant for the certified public accountant
2 license shall comply with the education, examination, and
3 experience requirements in either Section 5092 or 5093.

4 (b) Notwithstanding subdivision (a), an applicant who applied
5 and qualified for admission to the examination for the certified
6 public accountant license before December 31, 2001, may
7 complete the examination and qualify for licensure based on the
8 requirements in Sections 5081.1, 5082, 5082.2, 5083, 5084, and
9 applicable regulations adopted by the board that were in effect on
10 December 31, 2001, or comparable examination requirements
11 adopted by the board in the event the form or format of the
12 examination changes, provided the applicant qualifies and applies
13 for licensure no later than January 1, 2006.

14 SEC. 18. Section 5091 is added to the Business and
15 Professions Code, to read:

16 5091. At the time of application for the examination, the
17 applicant shall choose whether he or she is making application
18 under Section 5092 or 5093. An applicant making application
19 under Section 5093 may change and apply under Section 5092
20 without having to retake sections of the examination already
21 passed provided those sections were passed in accordance with the
22 requirements of Section 5092.

23 SEC. 19. Section 5092 is added to the Business and
24 Professions Code, to read:

25 5092. (a) To qualify for the certified public accountant
26 license, an applicant who is applying under this section shall meet
27 the education, examination, and experience requirements in
28 subdivisions (b), (c), and (d) of this section. The board may adopt
29 regulations as necessary to implement this section.

30 (b) An applicant for the certified public accountant license
31 shall present satisfactory evidence that the applicant has
32 completed a baccalaureate or higher degree conferred by a college
33 or university, meeting, at a minimum, the standards described in
34 Section 5094, the total educational program to include a minimum
35 of 24 semester units in accounting subjects and 24 semester units
36 in business related subjects. This evidence ~~must~~ shall be provided
37 prior to admission to the examination for the certified public
38 accountant license.

39 (c) An applicant for the certified public accountant license shall
40 pass an examination in accounting, auditing, and other subjects the

board deems appropriate. An applicant who fails this examination has the right to reexamination. During the time this examination is a written, paper and pencil examination, an applicant who passes two or more subjects at any examination shall receive a conditional credit for those subjects and does not need to sit for reexamination in those subjects. The applicant shall have the right to be reexamined in the remaining subject or subjects only at the six subsequent examinations immediately following receipt of the conditional credit. If the remaining subject or subjects are passed during the six subsequent examinations, the candidate shall be considered to have passed the examination.

The conditional credit period provided in this section may be extended by the board upon a showing of extraordinary extenuating circumstances which prevented the applicant from retaking the examination during this period.

(d) The applicant shall show, to the satisfaction of the board, that the applicant has had two years of qualifying experience. This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. To be qualifying under this section, experience shall have been performed in accordance with applicable professional standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy.

SEC. 20. Section 5093 is added to the Business and Professions Code, to read:

5093. (a) To qualify for the certified public accountant license, an applicant who is applying under this section shall meet the education, examination, and experience requirements specified in subdivisions (b), (c), and (d) of this section. The board may adopt regulations as necessary to implement this section.

~~(b) An applicant for the certified public accountant license shall present satisfactory evidence that the applicant has completed at least 150 semester units of college education including a baccalaureate or higher degree conferred by a college~~

1 ~~or university, meeting, at a minimum, the standards described in~~
2 ~~Section 5094, the total educational program to include a minimum~~
3 ~~of 24 semester units in accounting subjects and 24 semester units~~
4 ~~in business related subjects. This evidence must be provided prior~~
5 ~~to admission to the examination for the certified public accountant~~
6 ~~license.~~

7 *(b) (1) An applicant for admission to the certified public*
8 *accountant examination under the provisions of this section shall*
9 *present satisfactory evidence that the applicant has completed a*
10 *baccalaureate or higher degree conferred by a college or*
11 *university, meeting, at a minimum, the standards described in*
12 *Section 5094, the total educational program to include a minimum*
13 *of 24 semester units in accounting subjects and 24 semester units*
14 *in business related subjects. This evidence shall be provided at the*
15 *time of application for admission to the examination.*

16 *(2) An applicant for issuance of the certified public accountant*
17 *license under the provisions of this section shall present*
18 *satisfactory evidence that the applicant has completed at least 150*
19 *semester units of college education including a baccalaureate or*
20 *higher degree conferred by a college or university, meeting, at a*
21 *minimum, the standards described in Section 5094, the total*
22 *educational program to include a minimum of 24 semester units in*
23 *accounting subjects and 24 semester units in business related*
24 *subjects. This evidence shall be presented at the time of application*
25 *for the certified public accountant license.*

26 *(c) An applicant for the certified public accountant license shall*
27 *pass an examination in accounting, auditing, and other subjects the*
28 *board deems appropriate. An applicant who fails this examination*
29 *has the right to reexamination. During the time this examination*
30 *is a written, paper and pencil examination, if at a given sitting of*
31 *the examination an applicant passes two or more subjects, but does*
32 *not pass all subjects, the applicant shall be given conditional credit*
33 *for those subjects and the applicant does not need to sit for*
34 *reexamination in those subjects, provided that:*

35 *(1) At that sitting the applicant sat for all subjects for which the*
36 *applicant does not have credit.*

37 *(2) The applicant attained a minimum standardized score of 50*
38 *as determined by the board on each subject taken at that sitting.*

1 (3) The applicant passes in the remaining subjects within six
2 consecutive examinations given after the one at which the first
3 subjects were passed.

4 (4) At each subsequent sitting at which the applicant seeks to
5 pass any additional subjects, the applicant sits for all subjects for
6 which the applicant does not have credit.

7 (5) In order to receive credit for passing additional subjects in
8 any subsequent sitting, the applicant attains a minimum
9 standardized score of 50 as determined by the board on the subjects
10 taken at that sitting.

11 The conditional credit period provided in this section may be
12 extended by the board upon a showing of extraordinary
13 extenuating circumstances which prevented the applicant from
14 retaking the examination period.

15 (d) The applicant shall show, to the satisfaction of the board,
16 that the applicant has had one year of qualifying experience. This
17 experience may include providing any type of service or advice
18 involving the use of accounting, attest, compilation, management
19 advisory, financial advisory, tax or consulting skills. To be
20 qualifying under this section, experience shall have been
21 performed in accordance with applicable professional standards.
22 Experience in public accounting shall be completed under the
23 supervision or in the employ of a person licensed or otherwise
24 having comparable authority under the laws of any state or country
25 to engage in the practice of public accountancy. Experience in
26 private or governmental accounting or auditing shall be completed
27 under the supervision of an individual licensed by a state to engage
28 in the practice of public accountancy.

29 SEC. 21. Section 5094 is added to the Business and
30 Professions Code, to read:

31 5094. (a) In order for education to be qualifying, it shall meet
32 the standards described in subdivision (b) or (c) of this section.

33 (b) At a minimum, education must be from a university,
34 college, or other institution of learning accredited by a regional
35 institutional accrediting agency included in a list of these agencies
36 published by the United States Secretary of Education under the
37 requirements of the Higher Education Act of 1965 as amended (20
38 U.S.C. Sec. 1001 and following).

39 (c) Education from a college, university, or other institution of
40 learning located outside the United States may be qualifying if it

1 is deemed by the board to be equivalent to education obtained
2 under subdivision (b). The board may require an applicant to
3 submit documentation of his or her education to a credentials
4 evaluation service approved by the board for evaluation and to
5 cause the results of this evaluation to be reported to the board in
6 order to assess educational equivalency.

7 (d) The board shall adopt regulations specifying the criteria and
8 procedures for approval of credential evaluation services. These
9 regulations shall, at a minimum, require that the credential
10 evaluation service (1) furnish evaluations directly to the board; (2)
11 furnish evaluations written in English; (3) be a member of the
12 American Association of Collegiate Registrars and Admission
13 Officers, the National Association of Foreign Student Affairs, or
14 the National Association of Credential Evaluation Services; (4) be
15 used by accredited colleges and universities; (5) be reevaluated by
16 the board every five years; (6) maintain a complete set of reference
17 materials as specified by the board; (7) base evaluations only upon
18 authentic, original transcripts and degrees and have a written
19 procedure for identifying fraudulent transcripts; (8) include in the
20 evaluation report, for each degree held by the applicant, the
21 equivalent degree offered in the United States, the date the degree
22 was granted, the institution granting the degree, an English
23 translation of the course titles, and the semester unit equivalence
24 for each of the courses; (9) have an appeal procedure for
25 applicants; and (10) furnish the board with information
26 concerning the credential evaluation service that includes
27 biographical information on evaluators and translators, three
28 letters of references from public or private agencies, statistical
29 information on the number of applications processed annually for
30 the past five years, and any additional information the board may
31 require in order to ascertain that the credential evaluation service
32 meets the standards set forth in this subdivision and in any
33 regulations adopted by the board.

34 SEC. 22. Section 5095 is added to the Business and
35 Professions Code, to read:

36 5095. (a) To be authorized to sign reports on attest
37 engagements, a licensee shall complete a minimum of 500 hours
38 of experience, satisfactory to the board, in attest services.

39 (b) To qualify under this section, attest experience shall have
40 been performed in accordance with applicable professional

standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy and provide attest services, and this experience shall be verified by that person. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy and perform attest services, and this experience shall be verified by that person. An applicant may be required to present work papers or other evidence substantiating that the applicant has met the requirements of this section and any applicable regulations.

(c) An individual who qualified for licensure by meeting the requirements of Section 5083 shall be deemed to have satisfied the requirements of this section.

(d) The board shall adopt regulations to implement this section, including, but not limited to, a procedure for applicants under Section 5092 or Section 5093 to qualify under this section at the time of licensure.

SEC. 23. Section 5134 of the Business and Professions Code is amended to read:

5134. The amount of fees prescribed by this chapter is as follows:

(a) The fee to be charged to each applicant for the certified public accountant examination shall be fixed by the board at an amount to equal the actual cost to the board of the purchase or development of the written examination, plus the estimated cost to the board of administering the written examination and shall not exceed two hundred fifty dollars (\$250). The board may charge a reexamination fee equal to the actual cost to the board of the purchase or development of the written examination or any of its component parts, plus the estimated cost to the board of administering the written examination and not to exceed fifty dollars (\$50) for each part that is subject to reexamination.

(b) The fee to be charged to out-of-state candidates for the certified public accountant examination shall be fixed by the board at an amount equal to the estimated cost to the board of administering the examination and shall not exceed one hundred fifty dollars (\$150) per candidate.

1 (c) The application fee to be charged to each applicant for
2 issuance of a certified public accountant certificate shall be fixed
3 by the board at an amount equal to the estimated administrative
4 cost to the board of processing and issuing the certificate and shall
5 not exceed two hundred fifty dollars (\$250).

6 (d) The application fee to be charged to each applicant for
7 issuance of a certified public accountant certificate by waiver of
8 examination shall be fixed by the board at an amount equal to the
9 estimated administrative cost to the board of processing and
10 issuing the certificate and shall not exceed two hundred fifty
11 dollars (\$250).

12 (e) The fee to be charged to each applicant for registration shall
13 be fixed by the board and shall not exceed one hundred fifty dollars
14 (\$150).

15 (f) The board shall fix the biennial renewal fee so that, together
16 with the estimated amount from revenue other than that generated
17 by subdivisions (a) to (d), inclusive, the reserve balance in the
18 board's contingent fund shall be equal to approximately six
19 months of annual authorized expenditures. Any increase in the
20 renewal fee made after July 1, 1990, shall be effective upon a
21 determination by the board, by regulation adopted pursuant to
22 subdivision (k), that additional moneys are required to fund
23 authorized expenditures other than those specified in subdivisions
24 (a) to (d), inclusive, and maintain the board's contingent fund
25 reserve balance equal to six months of estimated annual authorized
26 expenditures in the fiscal year in which the expenditures will
27 occur. The biennial fee for the renewal of each of the permits to
28 engage in the practice of public accountancy specified in Section
29 5070 shall not exceed two hundred fifty dollars (\$250).

30 (g) The delinquency fee shall be 50 percent of the accrued
31 renewal fee.

32 (h) The initial permit fee is an amount equal to the renewal fee
33 in effect on the last regular renewal date before the date on which
34 the permit is issued, except that, if the permit is issued one year or
35 less before it will expire, then the initial permit fee is an amount
36 equal to 50 percent of the renewal fee in effect on the last regular
37 renewal date before the date on which the permit is issued. The
38 board may, by regulation, provide for the waiver or refund of the
39 initial permit fee where the permit is issued less than 45 days
40 before the date on which it will expire.

1 (i) The fee to be charged for filing of sponsor agreements for
2 continuing education courses shall be fixed by the board at not
3 more than one hundred dollars (\$100). Universities, colleges, or
4 other four-year institutions of learning accredited by a regional or
5 national accrediting agency or association included in a list of
6 those agencies or associations published by the United States
7 Commissioner of Education under the requirements of Section
8 253 of the Veterans' Readjustment Assistance Act of 1952, known
9 as Public Law 550 of the 82nd Congress, as amended, are
10 exempted from the payment of this filing fee.

11 (j) The actual and estimated costs referred to in this section
12 shall be calculated every two years using a survey of all costs
13 attributable to the applicable subdivision.

14 (k) Upon the effective date of this section the board shall fix the
15 fees in accordance with the limits of this section and, on and after
16 July 1, 1990, any increase in any fee fixed by the board shall be
17 pursuant to regulation duly adopted by the board in accordance
18 with the limits of this section.

19 (l) Fees collected pursuant to subdivisions (a) to (d), inclusive,
20 shall be fixed by the board in amounts necessary to recover the
21 actual costs of providing the service for which the fee is assessed,
22 as projected for the fiscal year commencing on the date the fees
23 become effective.

24 SEC. 24. This bill shall become operative only if Assembly
25 Bill 585 is enacted and becomes effective on or before January 1,
26 2002.

